

**HOUSE COMMITTEE ON GOVERNMENT REFORM  
SUBCOMMITTEE ON NATIONAL SECURITY, EMERGING THREATS,  
AND INTERNATIONAL RELATIONS**

**TESTIMONY OF  
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U.S. DEPARTMENT OF STATE AND  
BROADCASTING BOARD OF GOVERNORS**

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Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to discuss the Office of Inspector General's (OIG) oversight of Department of State programs affecting Iraq reconstruction, governance, and security, all of which are critical elements to ensuring stability in Iraq. With limited resources during the past year, OIG has conducted high-value projects that are extremely relevant to issues of the day. My statement will highlight two recently completed assignments: the first is a comprehensive review of programs for establishing rule of law in Iraq, and the second is our joint work with the Department of Defense, Office of Inspector General (DOD/OIG), to assess Iraqi police training programs.

**Background**

OIG's general approach for oversight in Iraq has been through focused surveys, assessments and audits, to identify and recommend ways in which programs can operate more efficiently and economically. This has facilitated the Secretary of State's vision for transformational diplomacy. Obviously, the complexities involved for achieving stability in Iraq are formidable, the amount of resources needed is unprecedented, and the demand for accountability is imperative.

OIG's Iraq oversight has included eight program and management assessments, seven audits, and supervision of three Defense Contract Audit Agency audits. Some of the work conducted by OIG provides a foundation for further audits and inspections in Iraq, such as our survey of Department of State funding for Iraq and Iraqi related activities (*AUD/CG-05-18, February 2005*), and our Review of Security Programs at U.S. Embassy Baghdad (*ISP-IQO-05-60, July 2005*).

Our assignments have resulted in recommendations for improvements and refinements for enhancing offsite support, reducing security vulnerabilities, improving training and staff effectiveness, and identifying potential cost recoveries for the U.S. government. Attachment A contains a list of OIG's Iraq-related reports, including:

- Cashiering Operations at Embassy Baghdad (*AUD/IQO-04-48, September 2004*),

- Off-Site Support to Embassy Baghdad and Constituent Units (*ISP-IQO-05-53, December 2004*),
- Agreed-Upon Procedures for Daily Direct Labor, Aerial Support Equipment, and Indirect Expense Rates Proposed by Blackwater Security Consultants (*AUD/IQO-05-13, January 2005*), and
- Excess Fuel Charges In Support of the Jordan International Police Training Center (*AUD/IQO-05-16, March 2005*).

However, the recently completed compendium of rule-of-law programs in Iraq (*ISP-IQO-06-01, October 2005*), and the joint assessment with the DOD/OIG of the Iraqi police training programs (*ISP-IQO-05-72, July 2005*), are the most relevant to today's hearing.

### **Iraqi Rule-of-Law Review**

OIG was aware of some 19 entities including U.S. Government agencies, NGO's, and private contractors, as well foreign countries and multinational organizations, that were contributing in one form or another to rule-of-law activities in Iraq. We set out to create an inventory of such activities, to identify overlaps and duplication, and to find gaps that might exist. While there is no commonly agreed upon definition for the rule of law, we take it to mean a broad spectrum of activities including a constitution, legislation, a court system and courthouses, a judiciary, police, lawyers and legal assistance, due process procedures, prisons, a commercial code, and anticorruption activities. To successfully implement an emerging rule of law, these activities must proceed somewhat sequentially and not randomly.

Moreover, effective rule-of-law strategies are essential for the functioning of a democracy and are central to protecting the rights and liberties of individuals. Specifically for Iraq, effective rule of law will serve to promote democratic reform and enhance stability. OIG surveyed U.S.-funded rule-of-law programs in Iraq to determine how effectively they address these multiple components of Iraq's legal complex.

Exclusive of approximately \$1 billion allocated for police training, OIG identified approximately \$400 million dollars of U.S.-funded, multiple-agency programs, all of which come under the general supervision of Embassy Baghdad. Of that amount, \$300 million dollars fund major "bricks and mortar" programs for building the physical justice infrastructure. The remaining \$100 million dollars provide for a variety of capacity-building programs.

The report points out that U.S. government attention to rule of law in Iraq is just over two years old. At times, disbursement has been slow, particularly for capacity-building programs, many of which are just coming into existence. For the sake of background, examples of rule-of-law programs include the U.S. Institute of Peace program in support of the constitutional process (\$12.8 million); U.S. Agency for International Development program for the reform of legal education (\$3.8 million); the U.S. Marshals Service's attention to court security (valued at \$133 million); and a joint program involving the Iraq Reconstruction Management Office and Department of Justice's International Criminal

Investigative Training Assistance Program for establishing the Iraqi Commission on Public Integrity (\$4.5 million), to name just a few.

OIG noted that security requirements and logistics must be heavily factored into the current cost of doing business in Iraq since security expenditures for individual projects range from 6 percent to as much as 80 percent of the total cost. Security issues detract from the efficiency and productivity of all project activity and can occasionally call into question the value of proceeding with an activity at all.

Our report, which will be issued this week and is based on work performed over a nine-week period in Washington, Baghdad, Basra, Fallujah, Mosul, and Hilla, includes numerous observations and more than twenty recommendations. Overall, OIG observed that most of the rule-of-law funding appeared to be well spent. However, a fully integrated strategic plan does not exist and is critically needed if Iraqi governance is to be effectively promoted and achieved. Moreover, a new phase is beginning and its defining characteristic must be the successful transition from a U.S.-funded and directed program to a sustainable Iraqi-directed program.


As you are well aware, a successful democracy in Iraq will require an effective anticorruption regime. OIG found that a trio of institutions were taking hold – the Commission on Public Integrity, a system of Inspectors General in each of 29 Iraqi government ministries and agencies, and the Board of Supreme Audit. However, we also noted that the first two are totally new to Iraq, collaboration is imperfect, and competition among them exists (which is not uncommon in a democracy), and we urged that the United States encourage and support Iraqi efforts to design and establish a training facility for all three anticorruption institutions.

Our report has been well received by the various entities involved, and those within the Department of State -- particularly Embassy Baghdad -- to whom our recommendations were made, have accepted them. Our report should provide a valuable framework from which those numerous entities participating in rule-of-law activities in Iraq can go forward in a more integrated and effective manner.

### **Iraqi Police Training Review**

Coalition authorities led by the United States have played a key role in preparing Iraqis to handle their police function, which is vital for Iraqi stability. OIG conducted a joint review with DOD/OIG to assess Iraqi police training programs in Iraq and Jordan. This on-site assessment was self-initiated by both OIGs after recognizing a need for conducting the work. Oversight falls under the jurisdiction for both Departments as a result of the National Security Presidential Directive 36, which assigns responsibility for training Iraqi security forces primarily to the Department of Defense in collaboration with the Department of State.

As initially conceived, the Iraqi police training program would be implemented in a post-conflict environment. Instead, it has evolved in an environment of high-level violence and




terrorism intermingled with a problematic insurgency movement. Given the dangers involved, it is not surprising that every aspect of the training program has been difficult.

Several governments demonstrated a willingness to participate in training but stipulated that their participation must occur outside Iraq. Likewise, engaging instructors and mentors willing to work in-country, and providing security and movement, has been difficult.

In light of these circumstances, our team concluded that Iraqi police training programs have achieved a qualified success. The police performed well during the January election, the visibility of police on Iraqi streets increased, and polls indicated a growing public respect for and confidence in the police force.


We observed the recruitment and vetting process and determined that more Iraqi involvement is necessary for recruiting and screening candidates. We also observed that greater input is needed from Iraqi leaders to ensure that the process, content, and direction of the training program are a reflection of Iraqi governance. Since inception, the Coalition's objective for the program has been to create a sizeable, orthodox, "law and order" police force. Certainly, standing up a sizable police force was a justifiable objective after the collapse of Saddam Hussein. The joint review concluded that the methodology for arriving at the target figure of 135,000 police officers was logical, and at the time of our review, approximately 63,000 recruits had been trained.



However, the Iraqi Ministry of Interior is in the process of literally building new law enforcement and security functions, and incorporating the police training should be an integral part of that process. Therefore, our joint review recommended a shift in training emphasis focusing more on leadership development and quality of training than on a targeted number of recruits.

If police training programs are to succeed, the Iraqi government must take full ownership of the program and assume responsibility for leadership and management of the force the Coalition is helping create. The two OIG's made a number of recommendations to strengthen the role of the Iraqi Ministry of Interior in these respects. By the time of the report's issuance, improvements in cross-communication between Coalition military leaders and the Ministry of Interior were already evident. Whatever the problems and misgivings, we recognized a consensus that the Iraqi police were improving and more capable as a result of Coalition training.

### **The Current Year**



Mr. Chairman, with your indulgence, I would like to point out that our OIG was able to perform the foregoing oversight activities because we received a \$1.7 million supplemental appropriation in 2005 for Iraq activities. We have no such funds for 2006 at the present time and do not have resources to continue these oversight activities in Iraq without dramatically curtailing our oversight of other Department programs and operations, most of which is mandated. The principal activity currently being planned is a joint survey with

the Special Inspector General for Iraq Reconstruction of major Bureau of International Narcotics and Law Enforcement Affairs (INL) programs to determine whether INL has adequate controls to ensure funds are properly expended in accordance with federal regulations.

Thank you, Mr. Chairman, for the opportunity to discuss OIG's valuable contributions on these issues. I will be pleased to answer questions at the appropriate time.

## APPENDIX A

**U.S. Department of State and  
Broadcasting Board of Governors  
Office of Inspector General  
Iraq Oversight Reports  
(Issued as of October 2005)**

- Inspection of Rule-of-Law Programs, Embassy Baghdad (*ISP-IQO-06-01, October 2005*)
- Interagency Assessment of Iraq Police Training (*ISP-IQO-05-72, July 2005*)
- Review of Security Programs at U.S. Embassy Baghdad (*ISP-IQO-05-60, August 2005*)
- Embassy Baghdad Communication Security Evaluation (*IT-IQO-05-06, August 2005*)
- Review of Staffing Process for Embassy Baghdad's New Embassy Compound (*ISP-IQO-05-61, August 2005*)
- Survey of Iraq IT Waivers (*IT-IQO-05-04, June 2005*)
- Review of Agreed Upon Procedures of Indirect Cost Rates & Equipment Delivery Charge Proposed by ArmorGroup North America & Review of Accounting System (*AUD/IQO-05-24, March 2005*)
- Review of Agreed-Upon Procedures for the Verification of Excessive Fuel Charges in Support of the Jordan International Police Training Center (*AUD-IQO-05-16, March 2005*)
- Review of the Staffing of Embassy Baghdad (*ISP-IQO-05-57, March 2005*)
- Survey of Department of State's Funding for Iraq (*AUD-CG-05-18, February 2005*)
- Agreed-Upon Procedures for Daily Direct Labor, Aerial Support Equipment, and Indirect Expense Rates Proposed by Blackwater Security Consultants (*AUD/IQO-05-13, January 2005*).
- Review of Off-Site Support to Embassy Baghdad and Constituent Units (*ISP-IQO-05-53, December 2004*)
- Review of Procurement Competitions to Support the Iraqi Police Training Program (*AUD/IQO-04-47, September 2004*)
- Review of Cashiering Operations at Embassy Baghdad (*AUD-IQO-04-48, September 2004*)
- Factsheet on the Iraqi National Congress Support Foundation (*AUD/CG-04-41, August 2004*)

### Audits Contracted with DCAA

- Report on Audit of Billed Costs on Task Order Nos. 03-131, 03-140 and 04-153 Under Integrated Mine Action Services (IMAS) Contract No. S-LMAQM-99-D-0144. Contracted with DCAA (*Audit Report No. 04141-2005B17900005, August 2005*).
- Report on Application of Agreed-Upon Procedures to Calculate Daily Life Support Rates under LOGCAP Task Order 0100. Contracted with Defense Contract Audit Agency (DCAA) (*Report No. 3311-2005K17900015, July 2005*.)
- Report on Audit of Cost-Plus Contract for Police Training by DynCorp under Contract No. SLMAQM-03-C-0028. Contracted with DCAA (*Audit Report No. 03311-2005D1790009, May 2005*)